

**IMPORTANT INFORMATION:** This is marketing communication. The report should not be perceived as a recommendation to buy or sell fund units. Prior to subscription, we encourage you to read the fund's prospectus and key investor information document which are available at [www.skagenfunds.com](http://www.skagenfunds.com), from our local representatives and from our distributors.

## A rude awakening

After several months of treading water, global equity markets were in for a rude awakening in the first quarter when yet another banking crisis caused tremors in the world of finance. More on this topic below. Elsewhere, commodity prices broadly declined and reached levels below those seen at the time of Russia's unprovoked and illegal invasion of Ukrainian territory. Other lesser-known global market news includes hyperinflation in Lebanon crippling the country, new guidelines requiring large Korean companies to submit corporate filings in English and the final regulatory approval of the merger between the railways Canadian Pacific and Kansas City Southern in North America. Canadian Pacific is a top-5 position in SKAGEN Global.

### Performance

SKAGEN Global underperformed its benchmark index MSCI AC World in the first quarter, but ended the quarter ahead of the benchmark measured over one year, five years and since inception.

### Attribution

The fund's three best performers in the first quarter measured by absolute return were DSV, Microsoft and LVMH. We entered 2023 with large upside in these three names according to our proprietary analysis. Indeed, the market seems to have taken notice of their significant undervaluation. We believe that there is still substantial return potential in all three stocks and execution continues to be in-line with our (high) expectations.

The fund's three largest detractors in absolute terms were Dollar General, Nasdaq and Abbott Laboratories. The US discount retailer Dollar General likely retreated as a defensive name when the market advanced with enthusiasm. However, we remain firm believers in the long-term story and

see the small temporary pullback as a buying opportunity. There was no major news behind the decline in Nasdaq or Abbott Laboratories.

### Portfolio Activity

SKAGEN Global initiated a new position in Mainfreight, a mid-cap freight and logistics company based in New Zealand with operations worldwide. Established in 1978, Mainfreight remains a founder-led company that currently employs 10,000 people. It provides logistical services with a global customer base, though roughly 50% of the business comes from Australia and New Zealand. Mainfreight has a long track record of prudent and methodical expansion while fostering a corporate culture focused on quality and customer service. We see a well-run base business with significant embedded optionality at a very attractive price point for long-term investors.

As far as we know, this is the first time since SKAGEN Global's inception in 1997 that a New Zealand based company is joining the portfolio. It is thanks to the fund's unique and unconstrained investment mandate that we are able to scour the globe for under-researched stocks with the most compelling long-term risk-reward profiles. Increasing the fund's exposure to this region with a targeted investment also brings positive portfolio construction attributes, in our view.

The fund disposed of its last few remaining shares in the Swiss private equity firm Partners Group where fundamentals have deteriorated. We also substantially trimmed our holding in the French luxury goods producer Hermes as the stock reached new peak levels and stretched valuation beyond our appetite as pragmatic value investors.



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### Reflections and Outlook

There were several spectacular blow-ups in the banking sector in the quarter. Some observers may be shocked that these collapses could occur given the huge regulatory frameworks imposed on the banking sector in the wake of the financial crisis 15 year ago. However, we are not entirely surprised given the excess that has built up in the financial system after a decade of zero-level interest rates. Followers of SKAGEN Global will know that we have largely stayed away from the entire banking sector for several years as our internal analysis has clearly pointed to unfavourable fundamentals and outsized tail risk. The fund only owns one bank, JP Morgan, which we believe will be the winner of the current banking crisis.

This is a good time to highlight that every day a portfolio manager faces three decisions: buy, sell or do nothing. Each option requires thoughtful consideration and will impact future returns, but the two action-oriented decisions (buy, sell) typically garner the most attention.



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SKAGEN Global employs an internally developed, highly customised investment process with dynamic feedback mechanisms where each investment that makes it into the fund has to pass through a fine mesh of detailed bottom-up analysis. We consistently assess, to various degrees, many different alternatives from a variety of sectors and geographies, but only in rare instances do they qualify for a position in the fund given the high entry requirements. To illustrate this process with an example, last summer we met with the executive team of the US regional bank First Republic, one of the banks caught up in the current banking turmoil. Our internal analysis quickly identified the stock as a no-go for SKAGEN Global as we deemed its risk profile unfavourable. This example highlights how we routinely search for new ideas with an open – but critical – mind. Most of the time this due diligence happens behind the scenes without commentary in fund reports; nevertheless, it comprises a key component of our work to secure, at all times, the best long-term investments for the fund.

SKAGEN Global is presently attractively valued with considerable upside for investors sharing our multi-year investment horizon.

The fund selects undervalued companies from around the world, including emerging markets, with attractive risk-reward for long-term investors. The objective is to provide the best possible risk adjusted return. The fund is suitable for those with at least a five year investment horizon. Subscriptions are made in fund units and not directly in stocks or other securities. The fund has risk profile 6. The benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

## Historical performance (net of fees)

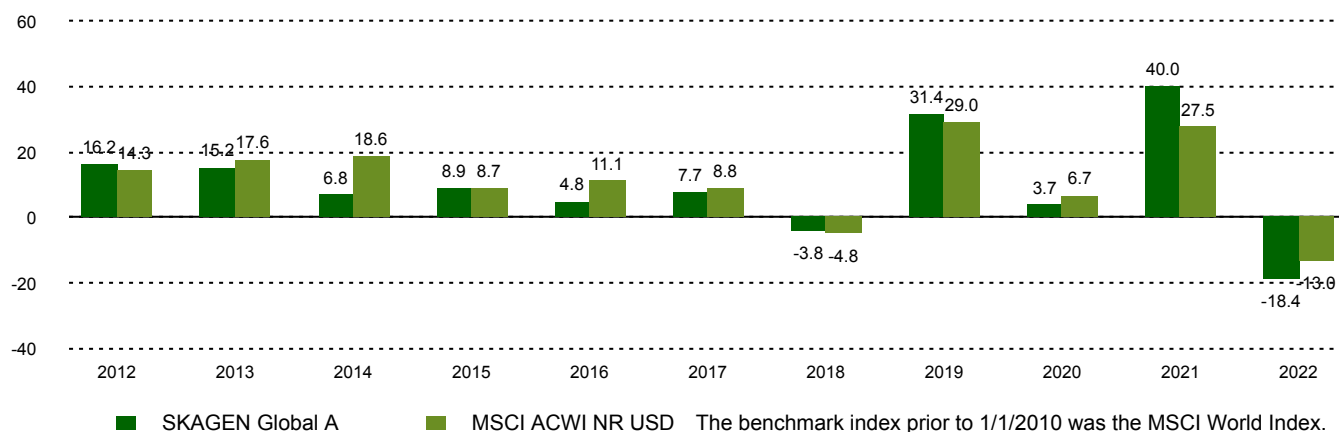
Period	SKAGEN Global A	Benchmark index
Last month	1.6%	0.6%
Quarter to date	4.9%	5.4%
Year to date	4.9%	5.4%
Last 12 months	-5.1%	-5.2%
Last 3 years	13.7%	15.6%
Last 5 years	10.5%	10.0%
Last 10 years	8.3%	9.9%
Since start	12.8%	5.4%

## Fund Facts

Type	Equity
Domicile	Norway
Launch date	07.08.1997
Morningstar category	Global Large-Cap Blend Equity
ISIN	NO0008004009
NAV	269.96 EUR
Fixed management fee	1.00% + performance fee*
Total expense ratio (2022)	1.00%
Benchmark index	MSCI ACWI NR USD
AUM (mill.)	3118.16 EUR
Number of holdings	30
Portfolio manager	Knut Gezelius

\* 10.00% performance fee calculated daily and charged annually if the fund's relative value development is better than the benchmark. Underperformance in a given year which is not recovered can be reset after 5 years. The performance fee may be charged even if the fund's units have depreciated in value if the value development is better than the benchmark.

## Performance last ten years



Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and management fees. The return may become negative as a result of negative price developments. There is a risk associated with investing in the fund due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions.

## Contributors in the quarter



### Largest contributors

Holding	Weight (%)	Contribution (%)
DSV A/S	5.98	1.60
Microsoft Corp	4.85	1.19
LVMH	3.81	1.10
Alphabet Inc	3.76	0.90
MSCI Inc	3.64	0.88



### Largest detractors

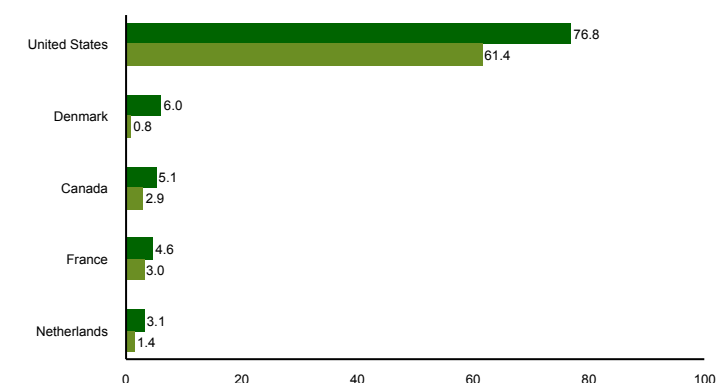
Holding	Weight (%)	Contribution (%)
Dollar General	2.61	-0.25
Nasdaq Inc	4.50	-0.23
Abbott Laboratories	3.86	-0.05
Mainfreight Ltd	0.34	-0.02
Home Depot Inc	3.19	0.01

Weights shown are the average for the period. Absolute contribution based on NOK returns at fund level.

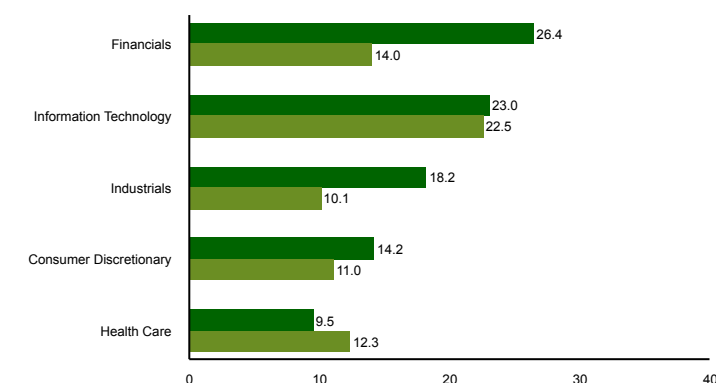
## Top ten investments

Holding	Sector	Country	%
DSV A/S	Industrials	Denmark	6.0
Canadian Pacific Railway Ltd	Industrials	Canada	5.1
Microsoft Corp	Information Technology	United States	5.1
Nasdaq Inc	Financials	United States	4.2
LVMH Moët Hennessy Louis Vuitton SE	Consumer Discretionary	France	4.0
Moody's Corp	Financials	United States	4.0
MSCI Inc	Financials	United States	3.8
Accenture PLC	Information Technology	United States	3.8
Brown & Brown Inc	Financials	United States	3.7
Alphabet Inc	Communication Services	United States	3.7
Combined weight of top 10 holdings			43.5

## Country exposure (top five)



## Sector exposure (top five)



■ SKAGEN Global A ■ MSCI ACWI NR USD

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## Important information

This report is intended for investment professionals only. All information is based on the most up-to-date data available. Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as per the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. SKAGEN AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of this report. Employees of SKAGEN AS may be owners of securities issued by companies that are either referred to in this report or are part of a fund's portfolio. CACEIS Ireland Limited, One Custom House Plaza, International Financial Services Centre, Dublin is the Paying Agent in Ireland.



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